

**154.60-020 Small business development tax credit program -- Application requirements -- Maximum credits permitted.**

- (1) The authority shall develop a small business development credit program in consultation with the Office of Entrepreneurship to assist new or existing small businesses operating in the Commonwealth. The nonrefundable credit shall be allowed against the taxes imposed by KRS 141.020 or 141.040, and 141.0401. The ordering of credits shall be as provided in KRS 141.0205.
- (2) The authority shall determine the terms, conditions, and requirements for application for the credit, in consultation with the Office of Entrepreneurship, subject to the provisions of subsection (3) of this section. The application shall contain identification information about the number of eligible positions created and filled, a calculation of the base employment of the small business, verification of investment of five thousand dollars (\$5,000) or more in qualifying equipment or technology, and other information the authority may specify to determine eligibility for the credit.
- (3)
  - (a) The maximum amount of credits that may be committed in each fiscal year by the authority shall be capped at three million dollars (\$3,000,000).
  - (b) In order to be eligible to receive final approval for a credit, a small business shall, within the twenty-four (24) month period immediately preceding the application submission date:
    1. Create and fill one (1) or more eligible positions over the base employment; and
    2. Invest five thousand dollars (\$5,000) or more in qualifying equipment or technology.
  - (c) Each eligible position that is created and filled shall be maintained for twelve (12) months. If a full-time employee filling a newly created eligible position ceases to be employed by the small business for any reason, that employee shall be replaced within forty-five (45) days in order for the eligible position to maintain its eligible status, in addition to meeting all other applicable requirements.
  - (d) The small business shall submit all information necessary for the authority to determine credit eligibility for each year, and the amount of credit for which the small business is eligible.
  - (e) The maximum amount of credit for each small business for each year shall not exceed twenty-five thousand dollars (\$25,000).
  - (f) The credit shall be claimed on the tax return for the year during which the credit was approved. Unused credits may be carried forward for up to five (5) years.

**Effective:** July 14, 2018

**History:** Amended 2018 Ky. Acts ch. 199, sec. 36, effective July 14, 2018. -- Amended 2014 Ky. Acts ch. 128, sec. 2, effective July 15, 2014. -- Amended 2010 (1st Extra. Sess.) Ky. Acts ch. 2, sec. 12, effective June 4, 2010. -- Created 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 66, effective June 26, 2009.

**Legislative Research Commission Note (7/15/2014).** In codification, the Reviser of Statutes has relocated the phrase "within a six (6) month period" from the position it had in 2014 Ky. Acts ch. 128, sec. 2, in subsection (3)(b) of this statute. The relocation did not change the meaning of subsection (3)(b).

**Legislative Research Commission Note (6/26/2009).** 2009 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 73, provided that this statute and KRS 154.60-010 and 154.60-030 "shall be known as the Emergency Small Business Stimulus Act."